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## Spatial inequalities, “neoliberal” urban policy and the geography of injustice in London

**Martine Drozd**

Université Lumière Lyon II / UMR EVS-IRG

Translation : **Martine Drozd**

### **Abstract**

This article seeks to examine the sequence that precedes the coming to power of the current Conservative-Liberal Democrat coalition government in the UK (1979-2010) and to explore how urban policies, spatial injustice and neoliberalism were articulated in London during this period of neoliberal transformation of the state. Liberal and radical formulations of justice by Rawls (Rawls, 1971) (Rawls, 2001) and Harvey (Harvey, 1973) are drawn upon to help frame the injustices produced by urban policies implemented by the Conservatives (1979-1997) around a dual problem: the reduction of political equality and the deteriorating socio-economic conditions for the worst-off segment of society. Following on from this, I then explore New Labour’s response (1997-2010) to this double injustice and look at how its discourse emphasized the crisis of political participation. A presentation of the transformation of New Labour’s political project follows along with a subsequent illustration of how it was actually applied to urban policies. The New Deal for Communities (NDC), an area-based initiative targeted at deprived areas, is used as a case study to observe these processes. To conclude, I evaluate the types of injustices produced by New Labour’s policies and distinguish between those which were manifestly caused by sustained neoliberal economic policies of those which were the result of institutional and procedural failures.

**Keywords:** *theories of justice – urban neoliberalism – urban regeneration - New Deal for Communities – London*

“Areas of deprivation are the spatial manifestation of economic and cultural injustice. They reflect the mal-distribution of social resources and the misrecognition and status subordination of non-dominant cultural groups” (*Perrons et Skyers, 2003*).

The decades which followed IMF intervention in the UK in 1976 could be seen as a long period in which the organisation of a neoliberal economy took place: “The programme for the national economy carried out by the British Government since 1975 is essentially neoliberal” (Gough and Eisenschitz, 1996 quoted in Jones and Ward, 2002). Over this period London government and urban policies were transformed and reconfigured, but nonetheless they tended to revolve around a twofold consensus: first, the certainty that urban regeneration had to be led by the private sector; second, the growing use of profitability targets for managing services provided by the public sector.

In spite of this, one can observe at this time of triumphant neoliberal urbanism a certain amount of diversity in the form and goals of its policies, with some even trying to repair injustices created by other policies. How were injustices measured and understood by neoliberal policy makers? What mitigative solutions did they devise? The problem underlying these questions is whether or not neoliberal urbanism could amend some of the injustices it had produced and if so, how?

This paper seeks to examine the events that precede the coming to power of the current Conservative and Liberal Democrat coalition government in the UK<sup>1</sup> in order to assess how urban policies, spatial injustice and neoliberalism were articulated in London during the neoliberal transformation of the state.

The first section gives an overview of the neoliberal mutation of the British state and the implications of this on urban policies. Liberal and radical formulations of justice by Rawls (Rawls, 1971) (Rawls, 2001) and Harvey (Harvey, 1973) are drawn upon to help frame injustices produced by the Conservatives' urban policies (1979-1997) around a dual problem: the growth of political inequality and the deteriorating socio-economic conditions of the least well-off segment of society.

In the following section, I go on to explore New Labour's response to this problem (1997-2010). Indeed, while successive New Labour governments continued to apply neoliberal economic policies, they decided to act upon the inequalities in political and economical opportunities with a new "active citizenship" programme, focusing on a meritocratic model of citizenship, which was justified by the failure of citizens' representation in previous urban policies. A presentation of the transformation of New Labour's political project follows along with a subsequent illustration of how it was actually applied to urban policies. The New Deal for Communities (NDC), an area-based initiative targeted at deprived areas, is used as a case study to analyse these processes.

The sources used in this study are the result of a compilation of different types of documents. Twenty interviews were conducted in local administrations and regeneration agencies, as well as with academics and members of civil society who followed the implementation of the programmes discussed here. The interviews were conducted between 2010 and 2012 while I was working on my PhD dissertation about collective mobilisations and discontent about urban regeneration in NDC zones. The interviews were completed by a study of the reports allowing a comparison of the different NDCs, in particular the "delivery plans" obtained from boroughs' administrations or private consultants involved in the production of some plans.

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<sup>1</sup> For an account of some of the consequences of the change of majority cf. Drozd (2013)

To conclude, I distinguish two types of injustices produced by New Labour's urban policies: those which stem from sustained neoliberal economic policies and those which are the result of institutional and procedural failures.

### **1. Inequalities, Spatial Injustices and the First Neoliberal Urban Policies in the UK**

British cities, a fortiori London, were unequal and unjust before the neoliberal era. Engels in 1844 had already noted how extreme differences in distribution of resources were shaping the London urban landscape, which had been transformed by industrialisation (Engels, 1872). C. Booth maps of the same period display at the London scale the magnitude of its unequal development (Topalov, 1991).

With post-WWII reconstruction and the development of the Keynesian state, redistributive policies were set up and helped to maintain a constant low level of economic inequalities until the end of the 1970s (Gini index at 0.25) (Hills and Stewart, 2005). However, welfare state urban policies were not devoid of injustices. There were lasting high levels of urban poverty, in some cases worsened by industrial policies of decentralization affecting inner cities (More and Rhodes, 1973). Little was done to tackle political injustices affecting immigrants and inner cities inhabitants suffering from various forms of discrimination, for example when applying for social housing (Glynn, 2005).

The fact that these "urban issues" had often been on the agenda of political programmes since 1968 mostly signifies the lack of success of policies aiming at changing significantly the socio-economic conditions and political isolation of the inner-cities. Abandoned by private investment after World War II (Harvey 1973), receiving little to no public funds since 1960 (Howard 1968), severely hit by de-industrialisation, these areas declined quickly despite the efforts of initial urban programs. While gentrification processes had started back in 1960 (Glass 1964) (Butler and Rustin 1996), the socio-economic situation of the majority of inner-cities inhabitants was declining.

In this context of unequal urban development inherited from British post-war history, what were the effects of the Conservatives' neoliberal urban policies (1979-1997)? Did they create or augment injustices, and if so, how?

Although neoliberal ideology seems omnipresent, it does not constitute a coherent and homogeneous set of principles, uniformly applied. In the same way as they were several different national forms of capitalism before its neoliberal mutation (Peck and Theodore, 2007), this transformation did not yield a unique model for the neoliberal state.

## **The Neoliberal Transplant on the British Keynesian State: Privatizing and Retasking the State (Peck, 2010)**

Admittedly, there are numerous resistances, "resilient differences" in national systems and at sub-national scales. The UK, as one of the first neoliberal states, a textbook example (Harvey, 2007) (Steger and Roy, 2010) for the development of neoliberalism, is not an exception to this rule. Before taking a closer look at the effects of neoliberal reconfigurations on urban policies, I will recall how neoliberal ideology was imported into the UK.

Neoliberalism refers first of all to an ideology that began to spread at the end of the 1970s<sup>2</sup>. It is characterised by what has sometimes been called "market fundamentalism", according to which unfettered markets free from state interference are the most efficient and cheapest way to create and distribute goods and resources.

"The linchpin of neoliberal ideology is the belief that open, competitive, and unregulated markets, liberated from all forms of state interference, represent the optimal mechanism for economic development" (*Brenner and Theodore, 2002*).

There is a large body of work about the progress of this ideology in British political and intellectual circles, describing its transplantation onto the post-war Keynesian state (Dixon, 2008). Following IMF intervention in 1976 and in order to counter an extremely high inflation rate - 20% at the end of the 1970s – neoliberalism was first applied as a monetarist economic policy inspired by Friedman's recommendations (Friedman, 1960), aimed at controlling inflation.

This macro-economic framework was used to justify numerous privatizations of the 1980s as well as outsourcing of public services, primarily those within the authority of local governments. However, this framework is not sufficient to give an account of the wider mutations of the state in the UK during this decade.

Thatcherian neoliberalism was not characterised by a "withdrawal of the state", but rather during that period the role of the state was reconfigured and its administration was mobilised toward different goals than those of the Keynesian decades. For example, Peck has shown how the state administration was reorganized in order to set up the workfare policy (Peck, 2010). As opposed to being an example of labour market deregulation, these actions were a sign of the will to shape the labour markets:

"This was not about 'rolling back the frontiers of the state' as Thatcher once characterized her program, but about restructuring and re-tasking the state, about new forms of intervention and regulation based on new strategic goals" [...] "Their [the Conservatives] objective was not simply

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<sup>2</sup> The origins of the term predate its circulation in the 1970s. For a detailed account of its intellectual roots see Peck (2010) and Audier (2012).

*to mop up unemployment, but to foster more 'flexible' attitudes amongst the workless, to lower reservations wages, to redefine skills (down), and to build the foundations for a more competitive job market. While this was being done in the name of 'helping markets to work better', in no sense was it a textbook form of deregulation" (Peck, 2010).*

### **The Translation of Neoliberalism into Urban Policies**

There was not a unique translation, or only one model of adaptation, to represent the entire neoliberal mutation of urban policies. Studies of its manifestations have all tried to go beyond the simple observation of the spread of neoliberal ideology.

In the UK's case it is worth noting that the policies implemented from the 1970s onward would not be qualified as neoliberal until the 2000s. Their evolution during the 1980s was at first described as "entrepreneurial" (Harvey 1988, Deakin and Edwards, 1993). They consisted in the transition from a Keynesian framework for the production and management of urban fabric based upon a strict regulation of land uses to a model where the market played an increasingly important role in the spatial distribution of social activities. This is what Peck called the process of "neoliberalizing space" (Peck, 2002).

In fact three principles emerged: 1. the certainty that urban regeneration had to be led by the private sector, 2. the widespread use of profitability targets for managing services provided by the public sector and later 3. the broadening of competition between territories for public funding. From the 1970s onwards there was a consensus across the political spectrum that the root of these issues was the economy. In order to deal with this situation, and in a context where a growth of public spending was not acceptable (or even possible), the Conservatives' decision was to fix (or suppress in some extreme cases) the local regulations of the worst off urban areas in order to steer investment towards them.

The Docklands model, with its most spectacular achievement in Canary Wharf, a large area of high rise office buildings built by a Canadian developer from the early 1990s, is a symbol of the property led regeneration policy. The policies adopted in order to increase the competitiveness of the area started with the creation of the Urban Development Corporation removing some of the Isle of Dogs territories from the governance of local representative democracy, considered there as an obstacle to redevelopment, and then granting the Isle of Dogs enterprise zone status. The area's attractiveness was later augmented by a notably large public fund investment in transport infrastructure (Brownhill, 1990). The justification of this course of action was to be found in utilitarian ideology, according to which growth in the enterprise zone and public investment in transport would mechanically make the poorer areas around it

better off (the *trickledown effect*), without the need for direct intervention on redistribution.

By the late 1980s, the idea that cities could be the origin of a response to the fordist-keynesian crisis affecting the country started to be widely accepted (Deakin and Edward, 1993) as cited by Jones and Ward (2002). The city became a hub where new institutions and private public partnerships emerged, trying to reproduce at a smaller scale the policies tested in the Docklands. The urban institutional landscape was challenged by a combination of "*privatization, promotion of competition, reform of local government finances, redistribution of executive responsibility away from local authority control [and] promotion of partnership work*" (Buck et al., op. cit). This situation allowed for tight control of public spending, with the objective of avoiding investment in new public sector jobs or social housing.

During the following decade, the creation of two new funds for inner cities (City Challenge in 1991 and Single Regeneration Budget in 1996) increased competition between areas, including amongst the most marginalised areas. After a decade of antagonism between central and local government, these policies brought the restoration of public private partnerships at the local level, controlled by a strong set of auditing practices (for the evolution of auditing in the 1980's and 1990's see Le Galès, 2005). Another consequence of these programmes was the fragmentation of some boroughs' territory through the funding of area-based initiatives, where the area receiving the investment was limited to a small part of the borough.

**Figure 1. Urban Regeneration Programmes 1991 – 2000**

Name of the programme	Description	Spatial organisation
City Challenge 1991-1996	<ul style="list-style-type: none"> <li>- 31 Boroughs received GBP 37.5 million over 5 years in order to carry out an economic development programme</li> <li>- First round of the competition (1992) : 11 projects were selected out of 15 submitted</li> <li>- Second round (1993): 20 projects were selected out</li> </ul>	<ul style="list-style-type: none"> <li>- Public private partnerships with "<i>local community</i>" involvement, in deprived areas designated as "<i>opportunity areas</i>", for an action plan geared towards "<i>effective delivery</i>"</li> <li>- There was no a priori focus on a specific economic area (housing, education, jobs, security, etc.). The objectives were decided according to the power relations inside each board</li> </ul>

	of 54 submitted. GBP 1.2 billion distributed.	
<i>Single regeneration budget - SRB 1994 - 2000</i> <sup>3</sup>	<p>Any local authority could bid in the first place. From 1998 and the New Labour government, priority was given to the most deprived areas.</p> <p>70% of local authorities received less than GBP 5 millions.</p> <p>5% of local authorities received more than GBP 20 million.</p> <p>GBP 5.7 billion distributed</p>	<p>All local authorities could bid with a "vision", an action plan, and had to demonstrate that the plan would be carried out by a partnership involving private actors along public services and members of the civil society.</p> <p>Bids were not spatially restricted and could span from a neighbourhood to the region. In fact, 70% of the projects were realised on a local or infra-local scale.</p> <p>From 1998, 80% of the funds were reserved for the 99 local authority districts with the highest deprivation index</p>

Source: Davoudi et Healey (1995), Smith (1999), Rhodes et al. (2007), author's interviews.

## 2. Urban Neoliberalism and Justice

Even though it is clear that these policies were implementing some of the neoliberal principles as previously described, are they for this reason necessarily unjust? In order to tackle this question, I will first consider how geographical analysis of contemporary capitalism and normative political theory are usually combined in this debate, before moving on to the question of the evaluation of the SRB and City Challenge programmes.

### The Harvey-Rawls Debate

The link between a geographical analysis of contemporary capitalism and normative political theory has been subject to controversy since the early 1970s when Harvey set out to criticize Rawls's thesis, published two years earlier (Rawls 1971), with the aid of a marxist analysis of urban growth (Harvey 1973).

Their views differ on the question of the nature of inequality. According to Rawls, inequalities are first and foremost a lack of fair equality of opportunities and a just

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<sup>3</sup> Date of the last bid. Projects could last up to 7 years.



democracy is a society where all individuals have similar access to the resources which will allow them to be better off. This type of justice, which assigns the goal of political action as the amelioration of the situation of the worst off part of society, is not incompatible with free market capitalism.

According to Harvey, Rawls's liberal theory of justice is not satisfying because it undermines the question of the role of production systems, and in particular capitalism and private property, in the creation of injustice. Social justice, according to Harvey, is not "a matter of eternal justice and morality [...] contingent upon the social processes operating in society as a whole" (Harvey 1973, as cited by Katznelson, 1997). This materialist analysis of inequalities leads to a rejection of Rawls's liberal theory, and to the refusal of a coexistence of liberal democracy and socialism.

"He [Harvey] treated these options as mutually exclusive: liberalism or socialism" (Katznelson, 1997)

This approach has two problems. Firstly, while it is true that Rawls's theory is not incompatible with a free market economy, it appears to be a much more radical proposition than what Harvey reads into it. Indeed, Rawls argues with might against high concentrations of wealth, which he deems as incompatible with political equality. His analysis of laissez-faire capitalism is that it guarantees a formal equality while its only real goal is economic efficiency (Page, 2003).

Secondly, following the marxist tradition in refusing to use liberal categories because they are an avatar of bourgeois domination, and rejecting the rawlsian project en bloc, amounts to depriving oneself of powerful tools for the evaluation of public policies:

"liberal theory as it has been developed in the past two decades or so deserves our close attention because it currently constitutes the only serious site for deliberation about the principles and convictions that might help craft desirable political regimes based on liberal foundations." (ibid)

Even if one does not agree with the idea that liberal theory is the only site for discussing these issues, one has to admit that this remark echoes the suggestions of other researchers who emphasized the usefulness and radicalism of Rawls's propositions in order to evaluate contemporary urban policies (Fainstein, 2010) or socio-spatial inequalities (Bret, 2009).

### **Evaluation of the First Wave of Neoliberal Urban Policies in the UK**

I will now turn to the question of how these different perspectives on justice have shaped the critical analysis of the first wave of neoliberal urban policies in the UK both in academic and public debates.

A series of evaluations identified the procedural defects and highlighted the unfair distribution of power, lack of transparency or even the lack of democratic control over the institutions created by these policies, particularly during the thatcherian period (Brownhill, 1993, 1998).

This procedural analysis was later reaffirmed by a second series of evaluations challenging the entrepreneurial urban model developed in the 1980s. In a book edited by Imrie and Thomas, an assessment was made of the various UDC (Urban Development Cooperations) based on different perspectives: economical, social and political. In the Docklands area, Pile (1995) documented the struggles against the political exclusion of the inhabitants. In the case of planning, Michon (2008) showed the long term perverse effects of the changes in the power equilibrium between the private and public sectors. Her study of the regulation of public spaces highlighted how privatization of urban public services leads to a greater socio-spatial fragmentation and a greater amount of spatial inequalities.

The second wave of regeneration policies under the Tory government (City Challenge and Single Regeneration Budget) exhibited a priori more transparent governance; it championed deliberative processes in order to set the programmes priorities locally. A careful examination of these processes, though, showed that the demands of associated inhabitants were rarely taken into account and that deliberation often only led to a surface consensus (Davoudi and Healey, 1995).

Later, critics showed that these policies did very little, and in some cases worsened, the socio-economic conditions of the affected populations. It was also shown that this set of policies created tensions between neighbourhoods receiving funding and those were not (Jones and Ward, 2002). The system of competitive attribution of funding, together with partial consideration of real levels of inequality, is a source of procedural injustice: it is not the worst off territories which receive funding, but those which constitute an investment opportunity for the property sector, or those whose leaders are connected to national institutions.

Whether one uses a materialist or a liberal framework to understand these inequalities, it is plain to see that the aforementioned urban policies were unjust. It is more difficult to show that this injustice stems from the neoliberal aspects of the policies. In the name of inflation control, they organise large public spending cuts; following market fundamentalism by the book, they invest public funds in projects creating new accumulation dynamics in spaces singled out as market failures; however, this does not explain the injustices that these policies have created. What explains the injustices is the persistent refusal to intervene on the issue distribution of land value gains, a product of public investment in certain territories' equipment.

This refusal has led to the concentration of land value gains and profits in the hands of a minority. This is illustrated by the fact that economic inequalities, as measured by the Gini index, increased by 30% between 1978 and 1991 (Hills et al., op. cit.). Of course this is the case in London as well. Inequality levels are the highest in OCDE countries and labour market polarisation in London is the worst in the UK (Kaplanis, 2007).

The continuous refusal to fix increasing social and economic inequalities was seen by numerous neoliberal thinkers, including radicals like Hayek, as an institutional failure rather than a consequence of their theories (Gamel, 2008).

### **3. New Labour's Answer**

#### **From Poverty to Spatial Concentration of Exclusion**

In 1997, the New Labour government had to deal with the highest levels of poverty and inequality since WWII. One child out of four was living in relative poverty, whereas in 1979 when Labour lost the general election it was one child out of eight. Sixteen percent of households were out of work, twice the amount compared to in 1979. Disparities of income in London had the highest increase in the country: although in 1980 25% of poor people were still earning 50% of median national income, in 1988 they were only earning 39% (Logan et al., 1992 as cited by Raco, 2003). This drove the labour market in a polarisation that has not stopped increasing since (Wills et al., 2009). In 1997, the UK had reached a level of inequality that was only exceeded by the USA in the industrialised countries group. In order to deal with this situation, New Labour promised to deliver the necessary conditions to create a "more equal society" (Mandelson, 1997) while continuing the Tories' economic policies (public spending control and monetarism). Inequality in education and access to the labour market were perceived as the two main causes of exclusion, a term which had now replaced poverty and economic inequality. The New Labour programme cautiously avoided mentioning measures that would tackle income or assets inequality and concentrates on new education policies, programmes to reduce unemployment (thanks to the generalisation of the workfare policies (Peck and Theodore, 2001) and programmes which aimed to provide better working conditions for poor workers (minimum wage implementation).

The Social Exclusion Unit was created in 1997. The objective of this commission was to measure and qualify social exclusion, denounced as "the greatest social crisis of our time" (Mandelson op. cit.). Social exclusion would never be clearly defined by the government (Hills et al., op. cit.) nor was it equivalent to material poverty; it was considered as the result of a combination of processes. Indeed it was meant as:

"a short-hand label for what can happen when individuals or areas suffer from a combination of linked problems such as employment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdowns." (SEU 1997)

This quote clearly shows that, according to New Labour, "people" and "places" could equally suffer from exclusion. This vision of area-based initiatives to fight exclusion is far from being consensual in the UK, especially in view of the evaluation of the two 1990s urban programmes. It has been argued that such an approach cannot efficiently fight exclusion (Kleinman, 1999) because it will miss all individuals (there are many) who do not live in zones considered excluded.

The horizon of this debate is the question of the efficiency of area based initiatives in order to fight exclusion, a policy which had been widely criticised since the 1970s (Townsend, 1979). In terms of spatial justice, the problem is to evaluate whether area based initiatives coupled with inter-territorial competition are not reinforcing territorial inequality. In many cases, as previously shown, it is not the worst off territories that receive funds, which highlights a deeply rooted contradiction. The lack of resources of those who lose competitions weighs all the more heavily as these territories are already marginalised.

### **A Meritocratic Reformulation of Citizenship**

Although the rhetorical emphasis on the role of "community" in the amelioration of the situation of marginalised neighbourhoods was not new in the UK, it was indeed present in the early days of urban policy making (CDP, 1977), it was at the heart of the New Labour agenda in the reformulation of its neoliberal project.

Economic growth between 2003 and 2008 gave the government greater latitude to finance social programmes (Hills et al., 2009) while maintaining a neoliberal economic framework. In this context, New Labour sidelined questions of social justice<sup>4</sup> and economical inequalities to concentrate on the lack of political participation and civic engagement that seemed to affect poorer neighbourhoods most. Although many authors have noted that New Labour economical policies were more in line with those of the previous Tory government rather than in opposition to them, policies to foster participation received much more funding during their rule than in the previous two decades and as such they seem to have been a specific characteristic of blairism (Davies 2012).

Encouraging participation fits in with concerns and recommendations developed in the 1980s and 1990s, looking to facilitate public debate and build stronger deliberative

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<sup>4</sup> A new record in income inequality was obtained in 2009 (Davis, art. cit.).

arenas in order to improve the democratic process (Healey, 1997). Under New Labour, this project took a more authoritarian turn, allowing yet another step in the reconfiguration of the State's role in the neoliberal context. Its role was not to stimulate the debate by giving each citizen the same weight in the determination of collective decisions but rather to fund the creation of local institutions ("communities") in order to help, in fine, a transfer of State level services and responsibilities towards civil society (or the private sector, see Drozd, art. cit.). Citizens were not so much entitled to participate anymore as obligated to. Reformulated this way, "active citizenship" facilitated the withdrawal of the state at a local level:

"To the extent that powers and responsibilities can be passed down to smaller scales, politics and government can be freed to concentrate on what they alone can do ... of thinking strategically, while leaving citizens and communities to govern themselves" - G. Mulgan chief adviser to the prime minister, as cited by Raco and Imrie (2003).

This support to citizens taking an active part in the management and control of their neighbourhood via the "community"<sup>5</sup> can easily be combined with an unfair treatment of citizens. This is justified by a meritocratic redefinition of citizenship and enforced in a discourse opposing deserving citizens to undeserving citizens, as noted by Imrie and Raco (ibid).

#### **4. Implementation of New Labour Neoliberal Urbanism: the Case of the New Deal for Communities (NDC)**

##### **The NDC Programme and its "Communitarian" Governance**

How did the second wave of neoliberalism manifest itself in urban policies? Its implementation can be seen the New Deal for Communities, a programme championing "community building" in deprived neighbourhoods.

With this programme, the New Labour government tasked local boroughs with fighting social, economical and political exclusion with the goal to improve their deprivation index score and the perception of their territories<sup>6</sup>. Whereas previous governments

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<sup>5</sup> R. Imrie et M. Raco (op. cit.), in their study of New Labour communitarian public policies gave the following definition of the term "community": "*Community*", given this interpretation, is the aggregation of families connected through social networks, in and through which a cohesive or organic society, with "common goals and a shared vision" (Home Office 1999), can emerge".

<sup>6</sup> The project has been surveyed every two years by the market research company IPSO MORI. This has allowed them to measure the change in inhabitants' perception of participation, risk, neighbourhood quality as well as measuring the material deprivation of the residents. These studies were completed by an observation of the variations of the deprivation index score of relevant territories (an index tracking data relative to training, health and employment).

insisted on the need to stimulate entrepreneurship and fix broken markets, New Labour added a political and social dimension to their programme.

In its implementation, the programme diverged from the policy of territorial competition organised by previous governments. Boroughs could pick a neighbourhood where the deprivation index was particularly high and apply with a proposal outlining their strategy in order to include local groups in the project.

**Figure 2. The New Deal for Communities 1999 – 2009<sup>7</sup>**

Description	Spatial Organisation
39 areas with a high score on the deprivation index received each GBP 50 million over 10 years.	<ul style="list-style-type: none"> <li>- Funds were distributed to particularly marginalised areas by the boroughs receiving the fundings.</li> <li>- The programme is a continuation of the SRB for "very small areas that will typically contain 1000 to 4000 households" (SEU, 1998). Scale: neighbourhood.</li> <li>- Boroughs submitted a development plan for the target area outlining a strategy to include inhabitants in the project. The targeted areas were not necessarily the ones with the worst score on the deprivation index in the borough.</li> </ul>

Source : (SEU, 1998), (Batty et al., 2010)

The selected boroughs received on average GBP 50 million over a 10 year period, and were free to spend it as they wished. The projects were multi-sectoral and they could target improvements in education, health, training, and also housing or public spaces. They continued the previous programme SRB, with much more funding.

The priorities were set by a board including elected residents' representatives, members of associations, and representatives of para governmental organisations (in particular regeneration agencies). In order to accumulate enough social capital to "activate" citizens, the first year was considered a "year zero" during which investment was used to inform and mobilise residents, to set up the programmes and to identify potential local leaders. Non-elected board members were co-opted, reinforcing the power of local social networks and undermining groups who were already less represented in this type of structure.

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<sup>7</sup> The NDC programme was supposed to end in 2009. In fact, some partnerships continued to receive funding up to 2011.

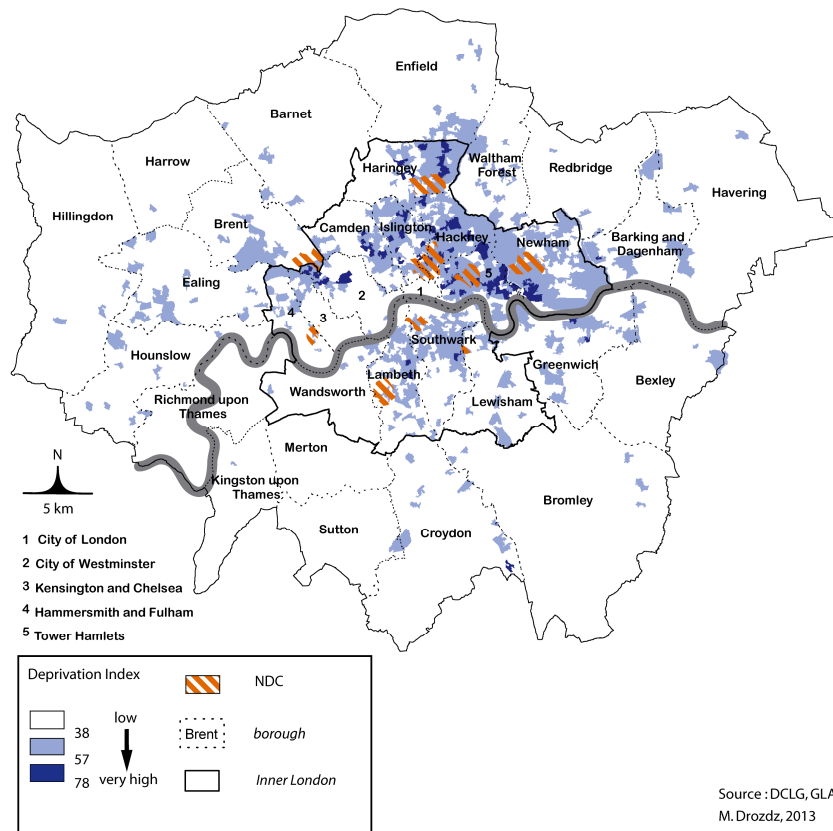
In the case of the Tower Hamlets NDC, only 4 members of the board (out of 23) were elected to represent residents of neighbourhoods affected by the NDC scheme. The 9 other co-opted members from the civil society were preeminent members of local associations (often religious groups) founded before the programme started. As a result, less established groups and associations were not directly represented on the board.

In Seven Sisters (Haringey Borough), this type of governance marginalised the most recently arrived groups (Dillon, 2011). Indeed Seven Sisters' population has a large proportion of newly arrived migrants (40% of its residents do not speak English as their first language). This is the result of several waves of immigration, first in the 1980s (Kurds from Turkey, Turks, Cypriots, nationals from East African countries), then at the end of the 1990s (Somalis, nationals from the PECO and Latin America). Some of these groups were not represented in the NDC board although they were directly affected by the NDC projects, most noticeably in real estate projects.

In theory each board would produce a different strategy, tailor made to suit the local context, meeting the specific needs of the residents represented by the boards, who chose investment priorities under the guidance of appointed officials.

**Figure 3. The geography of exclusion in London and NDCs boundaries (map)**

### The Geography of Exclusion in London and NDCs Boundaries



Source : DCLG, GLA  
M. Drozd, 2013

### A majority of programmes geared toward regeneration in London.

Despite this, in London a comparison of the different programmes shows that the majority of the funds were attributed to one specific sector: housing. Looking at the programmes details two features stand out systematically: the transfer of public social housing ownership to the private sector, and investment in local amenities, especially parks and public spaces.

**Figure 4. Percentage of NDC funds invested in housing in London (2000-2007)**

Borough	NDC	%
Newham	West Ham et Plaistow	80
Lambeth	Clapham Park	75
Haringey	Seven Sisters	70
Islington	Finsbury	65
Hammersmith and Fulham	North Fulham	65
Southwark	Aylesbury	60



Hackney	Shoreditch	60
Lewisham	New Cross Gate	60
Brent	South Kilburn	55
Tower Hamlets	Ocean Estate	45 <sup>8</sup>
<b>National average</b>	-	<b>32</b>

Sources: Batty et al., 2010, compiled using each NDC "Delivery Plans"

Why is there such a uniformity across the different NDC programmes? Firstly, the majority of NDC projects were targeting social housing neighbourhoods, which were severely deteriorated as a result of under-investment since the 1980s. Consequently, better housing conditions were seen as a priority by residents and council administrators<sup>9</sup>.

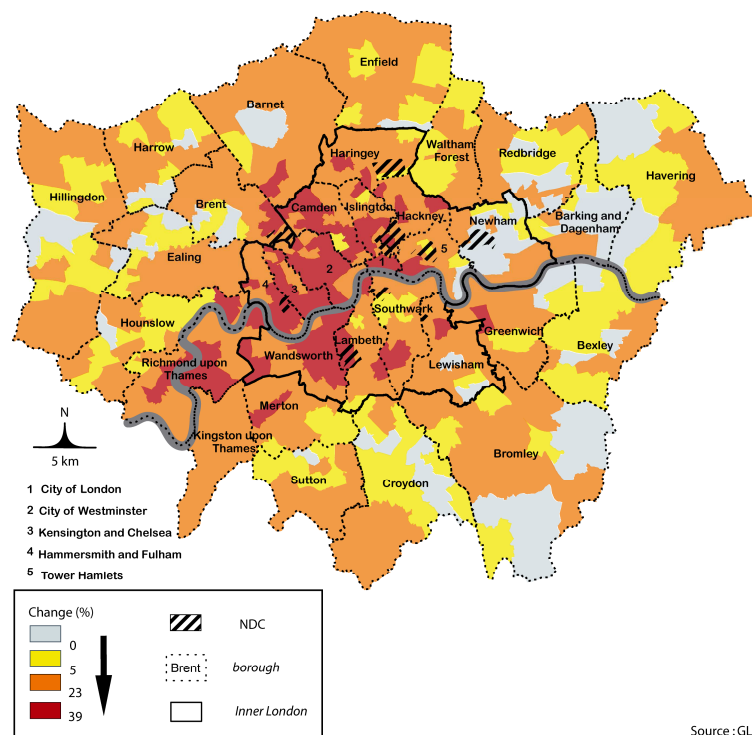
The Boards' governance is a second reason for this uniformity. In most cases, a third of the board members were regeneration professionals in favor of a property-led regeneration that encourages investment in better amenities, greater densities and the creation of a real estate market for the middle class (Diamond, 2007). In order to realise this, the main strategy used in London NDC programmes was the transfer to the private sector of social housing ownership. Partnerships between the Boroughs and housing associations made funds available through the sale of new housing built in NDC projects; these funds were then invested in the renovation of older social housing stock that had not been demolished. The dynamics of real estate markets in London encouraged this approach.

### Figure 5. Residential prices in London (2005-2009) and NDCs boundaries (map)

<sup>8</sup> 75% from 2008.

<sup>9</sup> « *One of the main problems here are the housing conditions because of lack of investment in the stock over the last 25 years.* » (Ocean NDC Officer) as quoted in Bennington and al. (2004).

## Residential Prices in London (2005-2009) and NDCs boundaries



Source: GLA  
 M. Drozd, 2013

Boroughs had little latitude in finding different methods of funding as subsidies were withheld if they opposed the transfer of public housing stocks (Watt, 2009). In Tower Hamlets, for example, 20 of the 50 million pounds allocated to the NDC programme was withheld following the refusal to transfer public housing ownership to a private lessor<sup>10</sup>. The funds only became available after mediation between the borough and residents, this time it was only the management of the buildings being transferred and not ownership, which allowed the project to go ahead without residents' votes. The NDC board was also reduced to 11 members, including only 2 residents representatives versus 9 municipal experts and real estate developers.

In London at least the NDC was a new way of implementing an urban regeneration policy driven by the private sector, in particular real estate developers, assisted by the boroughs' councils. This process maintained the injustices observed during the previous period and far from mitigated them. The communitarian aspect of the neoliberal project

<sup>10</sup> The transfer of ownership of public housing to the private sector was sanctioned by a vote of the residents. In this case the residents were satisfied with the borough management and wary of the consequences of a transfer to a private owner, in particular regarding the level of rents and the length of tenancy agreements, as a result they voted against the transfer.

only applied to small scale projects. Strategic projects like the privatisation of collective infrastructures or public housing did not enter the public debate.

## Conclusion

The analysis of the construction, diffusion and reformulation of neoliberal urban policies in London, in light of normative political theory, shows a "grammar" of injustices (Lees, 2013) produced over three decades. As much as they were implemented in the name of neoliberalism, it has to be said that these policies were driven by a degraded interpretation. Equality of opportunities is a tenet of contemporary neoliberal theories (Van Parijs, 1991) but such levels of socio-economic inequalities impede the exercise of political freedom, which is made more unacceptable by the simultaneous promotion of local self-government.

The NDC example shows how the hegemony of profitability targets for redistribution policies has led to the failure to acknowledge the voices of residents affected by deprivation. In this case, the meritocratic reformulation of citizenship adds to growing socio-economic inequalities and inequality of political representation.

It shows as well that one should be wary of the capacity of these neoliberal urban policies, even with the added communitarian aspect, to repair the unfairness they produce. The concentration of investment on "profitable" (now or in the future) areas implies that the territories and groups who have less to offer in this regard are left behind.

Political and cultural recognition are necessary concepts in order to remedy injustices that are often not acknowledged in materialist analyses of fairness. Nevertheless, actions towards a greater political and cultural recognition of certain groups will only lead to surface inclusion if they are not matched with programmes targeting redistribution mechanisms. Without action against social injustices, they are bound in fail at transforming the structures of opportunities of the worst off, as well as correcting injustices affecting residents of marginalised neighbourhoods (Perrons and Skyers, 2003).

One can imagine different ways to remedy or prevent these injustices; they call for a critical examination of mainstream economics, as suggested by Peck, and to pay closer attention to the voices of heterodox economists (Peck, 2010). More generally they encourage us to consider again the debate about the degree to which one can leave markets to regulate social activities.

Injustices in institutional settings call for an analysis of the democratic process as it is implemented. In this regard, the rapid succession of regeneration programmes has been criticized as it often only allows groups to participate when are they already involved in

local activities. Including the most excluded often requires more time than is allowed by regeneration programmes (Perrons and Skyers, op. cit.). Although the meritocratic conception of citizenship has widened the regeneration public sphere, it does not seem very efficient when it comes to correcting unequal political inclusion, which seems to affect those groups most concerned by regeneration.

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**About the author: Martine Drozd** is a Ph.D. candidate in Geography and Urban Planning at the Environnement Ville Société/Institut de Recherches Géographiques Department, Université de Lyon, France.

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